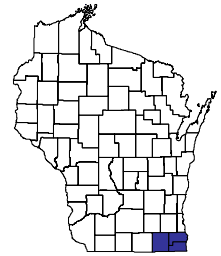


WORKFORCE OBSERVATIONS

For the southeast Wisconsin counties of Kenosha, Racine and Walworth



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Changing workforce 2000 to 2030

The US Census Bureau designated May as Older American month so it seems appropriate to look at the changing face of the labor force as the "Baby Boomers" begin to turn 60.

The "Baby Boom" generation is officially defined as the group born between 1946 and 1964. From the time of their appearance, they have changed the face of many institutions. Now as they move towards the traditional retirement age, they may redefine what is thought of as old age and certainly will have an impact on the labor force.

The chart below shows the projected impact on the total working age population by identifying the percent represented by the 50 to 64 year olds. The chart is divided into 5 year time periods starting in 2000 and ending in 2030. The percent representing 50 to 64 working age population increases until the year 2015 when their numbers begin to decline as a percentage of the total workforce population. Even after 2015, the number of 50 to 64 year old workers

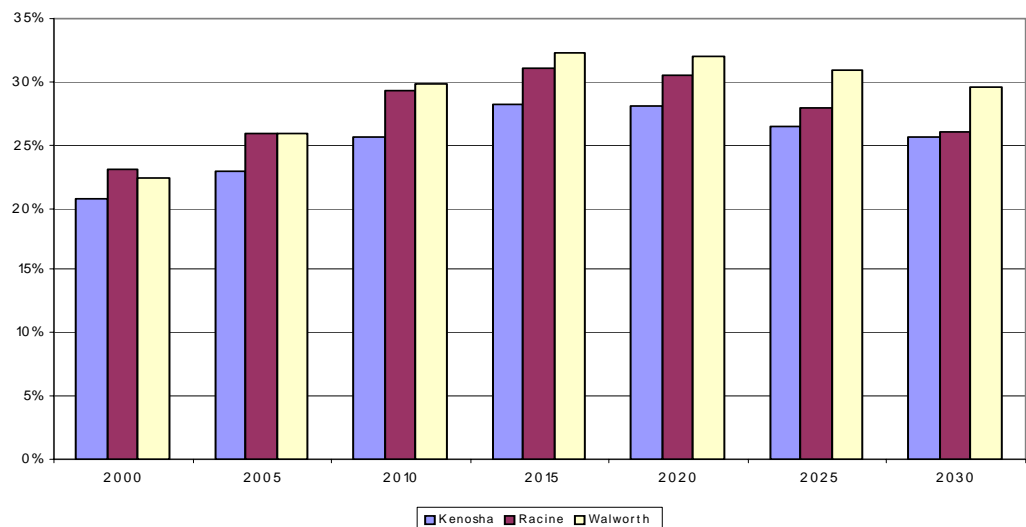
continues to occupy a large percent of the total working population with at least 25 percent of the total in all three counties.

Walworth County shows the largest percentage increase of the 50 to 64 year old population starting in 2000 and continuing to 2030. Kenosha has the largest increase in the 50-64 age group growing from 20,429 in 2000 to 32,882 in 2030 an increase of 61.0 percent. Walworth's 50—64 population increases from 13,654 to 20,402, an increase of 48.3 percent. Racine shows the lowest growth rate. Racine increases from 28,434 to 34,401, an increase of 21.0 percent. The reason for Racine's modest increase may be because Racine had the highest number of 50—64 age residence in 2000.

Whatever the original or final count, Southeast Wisconsin's 50—64 year old population is now and will continue to be a significant part of the labor force.

(Continued on page 2)

Proportion of working aged residents (15-64) aged 50—64



Source: Wisconsin Department of Administration Demographic Services

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Why should we care about the percentage of workers age 50 to 64? One answer might be a survey conducted in 2002 by AARP. They found that only 5 percent of those surveyed plan to continue in their current job. The majority of those surveyed plan on working. Only 29 percent said that they did not plan to work at all. Forty-four percent plan on working part-time including 24 percent that plan to work in a similar position and 22 percent that plan to work in a different occupation. With the 50 to 64 population growing from 62,617 in 2000 to 87,685 in 2030, the implications could be devastating to business if planning does not take into account the aging population.

Changing workforce 2000 to 2005

The chart to the right demonstrates just how rapidly the workforce shift is happening. The chart on page 1 shows the working-age population projections to 2030. The chart to the right (Age of Southeast Area Workers in First Quarter) shows the number of employees by age from 2000 to 2005. Notice that from 2001 to 2005, the number of 14-24 and 25-34 year old worker stays about the same. The 35 to 44 age group shows a significant decrease while the 45 to 64 year old groups both show increases. The largest drop from a prior age group occurs in employees 55-64. As our workforce ages, the number of participants may also fall. Even in the short term, there is a definite trend showing an aging workforce.

Occupations

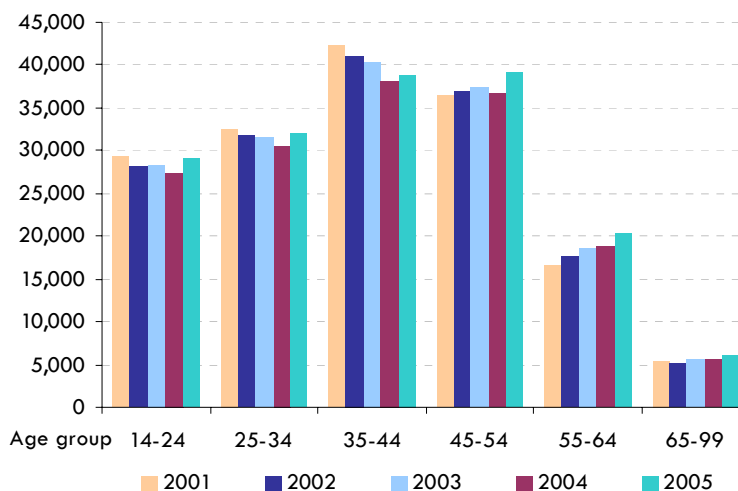
Not every business will be impacted in the same way. The chart on the right shows the percentage of individual occupations that have the greatest concentration of 50 to 64 year olds. An example taken from the chart shows that of all the secretaries and administrative assistance in SE Wisconsin, 32 percent of them are between the ages of 50 to 64 years old.

If a specific business does not employ any secretaries or administrative assistance, the fact that 32 percent of those currently employed are at least 50 year old will not require any special planning but if the business does employ secretaries and administrative assistants, the fact that almost one-third of them are at

least 50 years old could significantly affect the ability to hire new and replacement workers and may require long-term planning to begin soon.

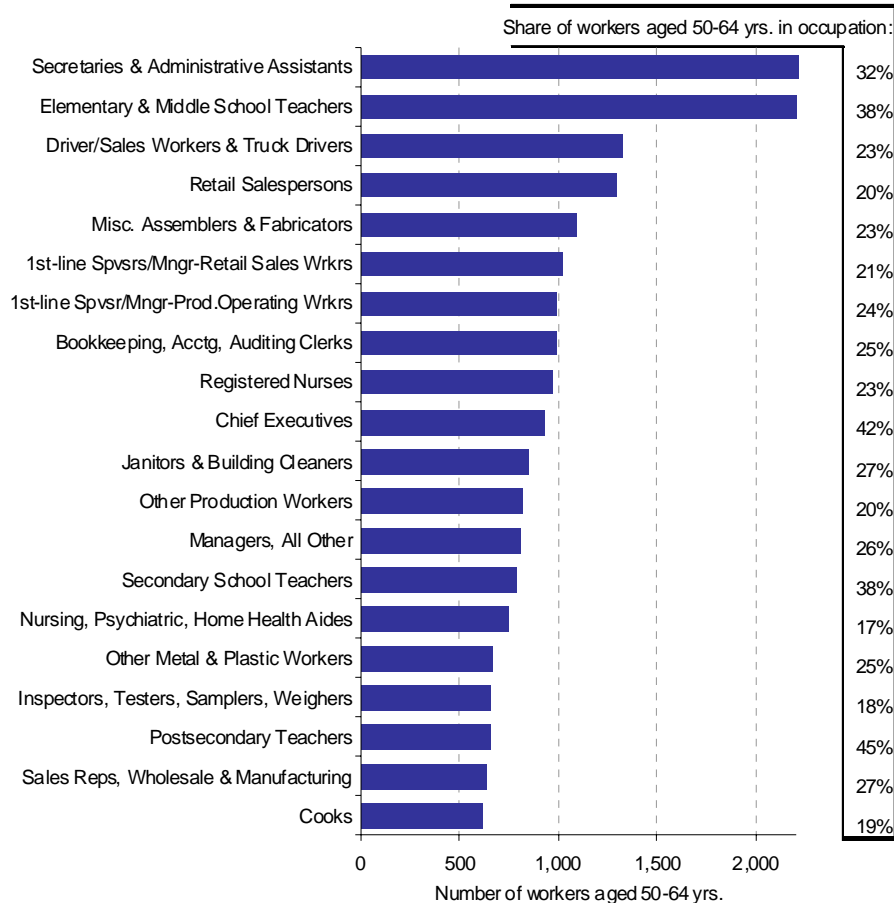
The nature of each business will determine the impact of the aging workforce.

Age of Southeast Area Workers in First Quarter



Source: US Census Bureau, Local Employment Dynamics

Largest occupations of workers aged 50-64 years old in Southeast Wisconsin



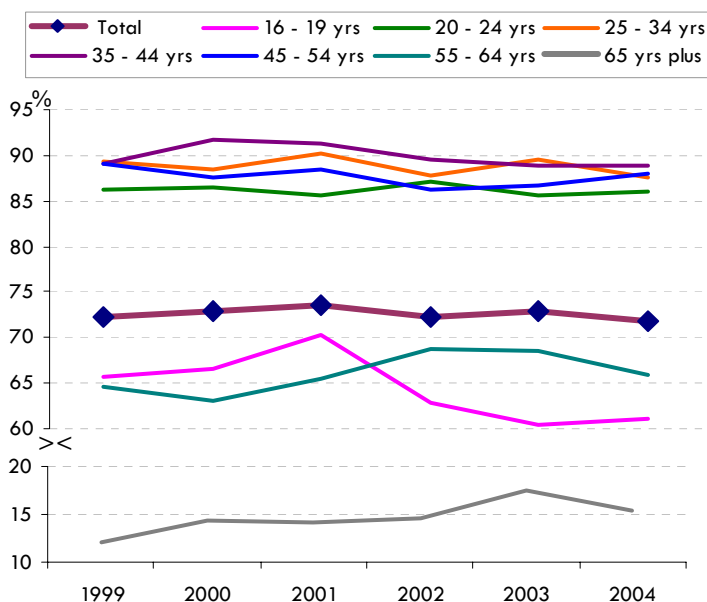
Source: US Census 2000, Public Use Microdata file

Labor Force participation by age group

The preceding pages detail historic data showing the increasing age of the workforce over the past five years and the projected increase in an older labor force. These numbers are helpful but do not necessarily give a complete picture of the current workforce. The following chart shows the labor force participation percentages by age. The highest participation rates are for those aged 20 to 55 with an 85 to 90 percent participation rate. The lowest rate is for those 65 and older which again leads to the conclusion that as the population ages, the number of those in the labor force decreases. This trend begins when workers reach the age of 55 where those between 55 and 64 have a participation rate of about 65 percent or almost a 20 percent drop from those younger than 55. After 65 the percent declines significantly to average about 15 percent. These figures correspond with the AARP studies which showed that about 15—20 percent of the respondents plan to continue to work past the age of 65.

By examining the age groups currently employed as well as which occupations are in greatest demand will allow employers to begin to make realistic plans to employ and train staff necessary for effective business operations.

Wisconsin Labor Force Participation Rates by Age

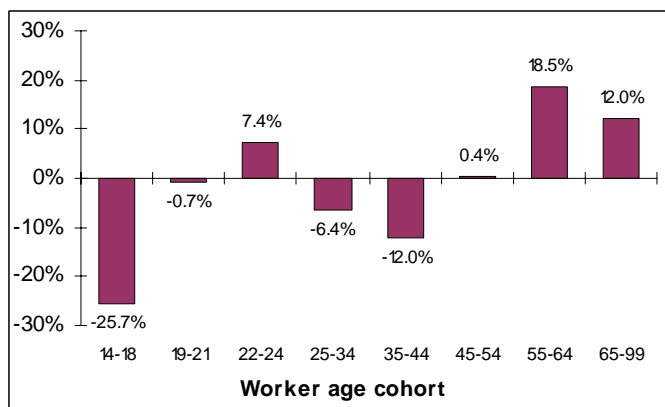


Source: US Bureau of Labor Statistics, Geographic Profile 2004

County Differences

Kenosha, Racine and Walworth counties share many of the same characteristics as well as some differences. One of the biggest differences is the number of employees in the counties. Kenosha's share of employees is increasing much faster than either Racine or Walworth. This is especially noticeable when looking at the changes to the workforce from 2001 to 2005. Kenosha shows an increase in almost all age groups (the exceptions are 14-18 and 35-44) while both Racine and Walworth counties show a significant increase in older workers without an offsetting increase in younger workers. Each county should begin to make plans based on their own specific demographics.

Change in Racine Co Total Employment from 2001 to 2005—First Quarter



Change in Kenosha Co Total Employment from 2001 to 2005—First Quarter



Change in Walworth Co Total Employment from 2001 to 2005—First Quarter



Source: US Census Bureau, Local Employment Dynamics

Southeastern Wisconsin Unemployment Rates

Unemployment Rates

	2006 March	2006 February	2005 March	Change Month	Change Year
Kenosha County	5.8%	6.5%	5.8%	-0.7%	0.0%
Racine County	6.3%	6.7%	6.7%	-0.4%	-0.4%
Walworth County	5.0%	5.0%	5.4%	0.0%	-0.4%
Southeastern WI	5.8%	6.2%	6.1%	-0.4%	-0.3%
Wisconsin	5.5%	5.6%	5.7%	-0.1%	-0.2%

On a county, region and State level, unemployment figures for the area continue to show general signs of improvement. Although there is an increase in unemployment from January 2006 to February 2006, that follows a normal pattern of employment for the region. Traditionally February has the highest unemployment rate of the year so seeing an increase from January to February is not in itself cause for concern.

Kenosha and Racine show a decrease in unemployment when compared to last month. Walworth's rate is the same as last month. Racine and Walworth counties show a decrease in unemployment when compared to last year. Kenosha's unemployment rate is the same for March 2006 as it was for March 2005.

Unemployment: City of Kenosha and City of Racine

	2006 March	2006 February	2005 March	Change Month	Change Year
City of Kenosha	6.6%	6.5%	7.3%	0.1%	-0.7%
City of Racine	9.8%	10.1%	10.6%	-0.3%	-0.8%

The City of Kenosha and the City of Racine continue to dominate their respective county unemployment rates because of the large population concentration in these areas and the changing employment locations through out the counties. Both the cities of Kenosha and Racine have substantially higher unemployment rates than their counties, the Southeastern Wisconsin WDA or the State of Wisconsin. However, both the City of Kenosha and the City of Racine show a dramatic decrease in the unemployment rate from February 2005 to March 2006.

When comparing the year-to-year unemployment rates, the City of Racine once again shows a decrease in unemployment while the City of Kenosha shows a modest 0.1 percent increase.

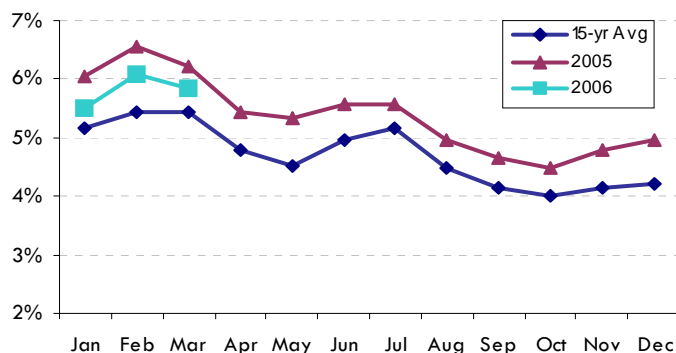
Both cities' unemployment rates are continuing a common pattern that has shown over the past 15 years that the first quarter has the highest unemployment rate is in February. Unemployment tends to decrease until about the middle of summer. If both cities follow these trends, we should continue to see decreases in unemployment rates.

Southeast Wisconsin Historic Data

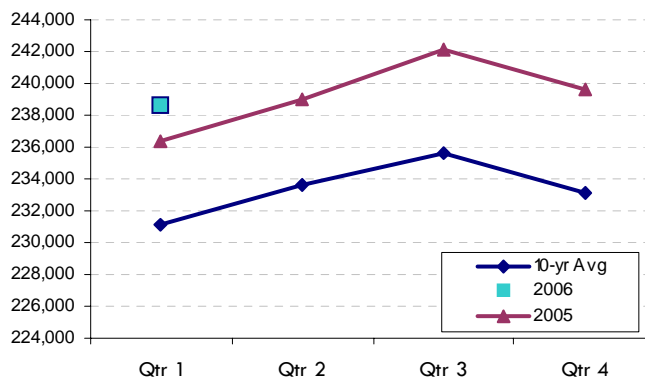
Southeast Wisconsin's unemployment rate showed an up-tick in February 2006 from the January 2006 percent but the March unemployment rate decreased. As shown in the chart below, February tends to be the month with the highest unemployment rate for the year. So far, 2006 is following the pattern with higher unemployment in February than reported in January 2006 with a decline experienced in March

The unemployment rate is only part of the employment picture. Another aspect to watch is the total number of persons in the labor force. For the first quarter of 2006, Southeast Wisconsin shows an increase of 2,311 from March 2005 to March 2006, an increase of 1.0%. The increase helps us determine that the decrease in unemployment is not caused by people leaving the labor force, instead it is because of an increase in jobs.

Southeast Wisconsin Unemployment Rates



Southeast Wisconsin Labor Force



Nonfarm Employment Estimates for Southeast Wisconsin

Nonfarm jobs in Southeast Wisconsin continue to show additional employment when compared to 2004 and 2005. The increase from March 2005 to March 2006 was 3,355. The increase from February 2006 to March 2006 was 889. The yearly trend is following the pattern set in 2004 and 2005 with an increase from January to March.

Average quarterly estimates also show an increase from 2004 and 2005. The average first quarter increase from 2005 to 2006 is 3,707.

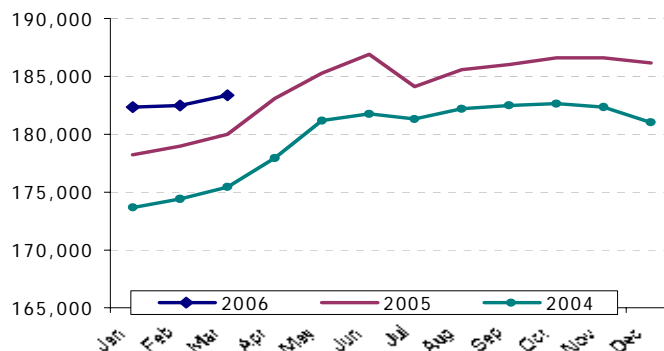
Looking at the individual counties reveals that the largest increase for both monthly and quarterly increases occurred in Kenosha County. Kenosha's March nonfarm jobs increased 559 from February 2006 and by 2,694 from March 2005 to March 2006.

Racine's nonfarm jobs did not show any increase from February 2006 to March 2006. Both months had total nonfarm jobs of 80,300. Racine County did show an increase of nonfarm jobs from March 2005 to March 2006. The increase was 1,500.

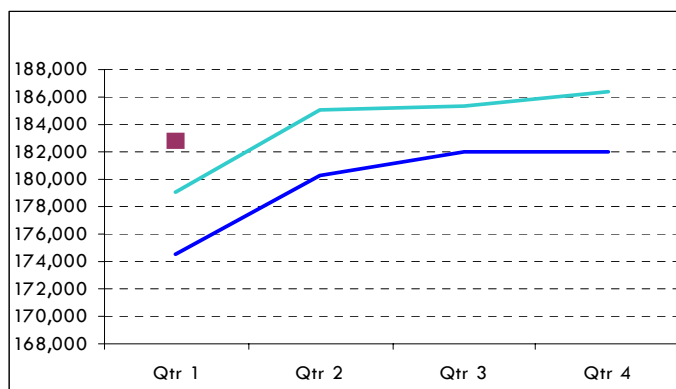
Walworth county showed an increase of 330 jobs from February 2006 to March 2006 but showed a decrease of 839 jobs from March 2005 to March 2006.

The three county area taken together shows a very strong increase in the average number of jobs when compared to last year and last month.

Total Nonfarm Jobs for Southeast Wisconsin



Quarterly Average Nonfarm Jobs for Southeast Wisconsin



Unemployment Claims

The initial claims for unemployment for Southeast Wisconsin shows that the largest number of claims come from construction and natural resources with 2,665 claims for the first quarter 2006. Information, business and professional services had the second highest number of initial claims (2,015). This group contains the temporary agencies. Manufacturing (1,864), trade (1,134) and leisure and hospitality (685) round out the top five industries. The total number of initial claims for unemployment for the first quarter of 2006 was 9,474.

The major industry groups using NAICS codes are:

- Financial activities
- Health services
- Leisure & hospitality
- Public Administration
- Trade
- Trans & Utilities
- Mfg
- Construction & Natural Resources
- Education
- Not avail.
- Information, Business/Professional services

Initial Claims for Unemployment Benefits by Industry in Quarter 1 2006 in Southeast Wisconsin

